

The Economic Impact of SCOTTSDALE AIRPORT

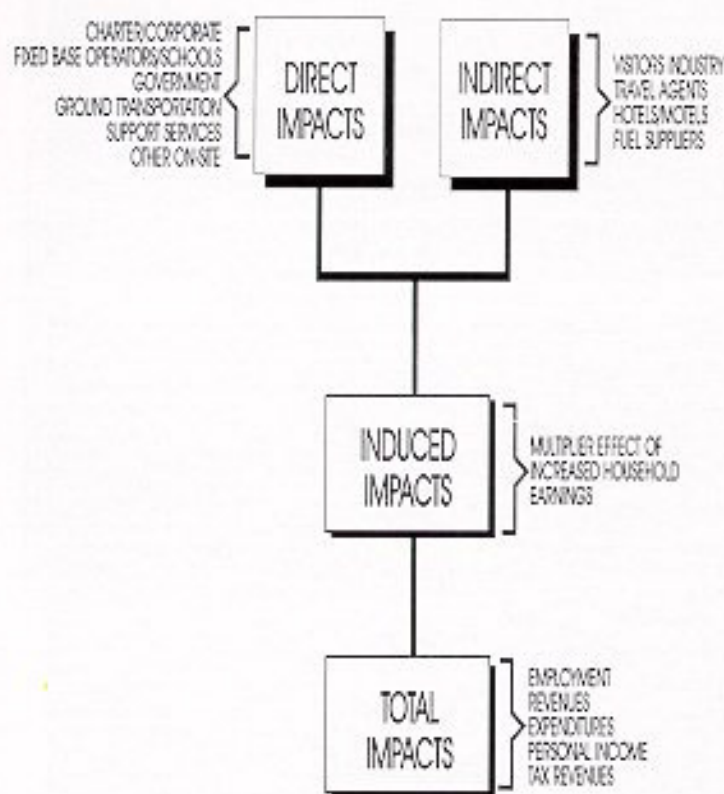


Scottsdale's multi-million dollar economic base comes not only from the private sector but from the public sector as well. One such public facility with tremendous economic impact on the city is the Scottsdale Airport. With more than 100,000 landings in 1992 alone, Scottsdale Airport is a major economic stimulus to Scottsdale and the entire north valley. To measure its actual impact, the city commissioned a study by Leibowitz Airport Management Consultants, Inc.

Although general aviation has always been an important part of the aviation industry, its scope and economic impact is not always recognized. This study identified the important role Scottsdale Airport plays in the local economy. Economic analysis of organizations dependent upon operations at the airport illustrates substantial fiscal impact as a result of airport business transactions. These impacts benefit corporations, individuals, and the metropolitan area as a whole. Airport activity creates demand for the goods and services provided by corporations, partnerships, government agencies, and proprietorships. These firms, in turn, employ local workers, realize gross revenues, make purchases locally, and pay taxes, as do their individual employees. The airport is an economic asset from which Scottsdale and the communities that surround it derive great benefit. The analysis reveals the following economic impacts in the calendar year 1992:

- EMPLOYMENT IMPACT OF 1,464 INDIVIDUALS
- CORPORATE REVENUES OF \$92 MILLION
- CORPORATE EXPENDITURES OF \$25 MILLION
- PERSONAL INCOME OF \$38 MILLION
- STATE TAX IMPACT OF \$4.3 MILLION
- LOCAL TAX IMPACT OF \$602,000

The economic impacts comprise those financial transactions that can be traced to the Scottsdale Airport and which are of economic value to the metropolitan area and its residents. The impacts that are included are actual and quantitative. The impacts are divided into categories as shown here.



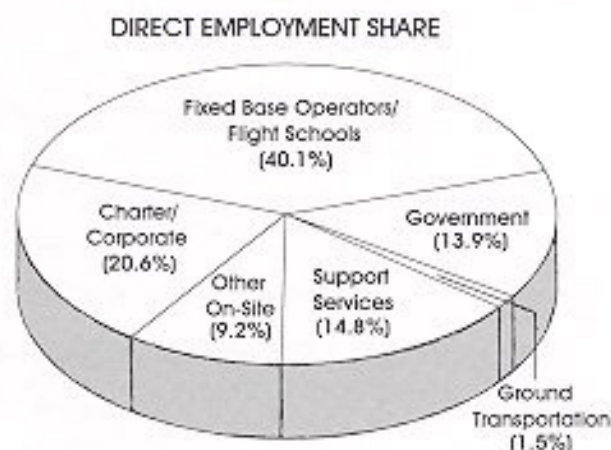
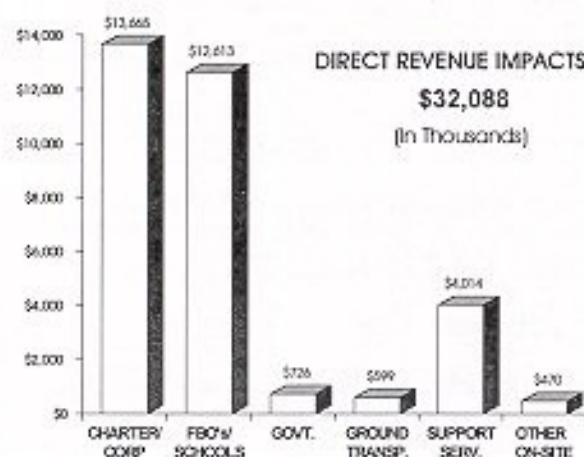
Direct impacts are consequences of economic activities carried out at the airport by charters, airport management, fixed base operators, and other tenants with a direct involvement in aviation. Employing labor, purchasing locally-produced goods and services, contracting for airport construction, and capital improvements are examples of airport activities that generate direct impacts. Some direct impacts, like airport employment occur on-site; others like local production of goods and services for use at the airport, may occur off-site. The distinguishing feature of a direct impact is that it is an immediate consequence of airport business activity.

Indirect impacts derive primarily from off-site economic activities that are attributable to the use of the airport. These activities include services provided by travel agencies, hotel/motels, and fuel suppliers. Typically, these impacts include expenditures in the metropolitan area by visitors that arrive by air using Scottsdale Airport.

Induced economic impact is the result of respending, or that spending generated in succession to spending that has already taken place.

DIRECT IMPACTS

Each of the firms dependent upon Scottsdale Airport realizes revenues from the business they transact, whether it be a charter aircraft selling a ticket or a fixed base operator receiving payment for the repair of a broken altimeter. In 1992, \$32 million was received in gross revenues by firms directly benefitting from the presence of Scottsdale Airport. These figures are direct economic impacts – revenues that would dry up without Scottsdale Airport. An estimated \$9.2 million was paid in wages and salaries to 414 individuals whose jobs were directly related to the airport. Airport dependent businesses resulted in \$1.4 million in state revenues and local tax impacts in 1992.



SUMMARY OF IMPACTS

	EMPLOYMENT	REVENUES	EXPENDITURES	PERSONAL INCOME	TAX IMPACTS
Direct organizations					
Charter/Corporate	85	\$13,665,110	\$3,815,067	\$2,228,667	\$283,741
Fixed Base Operators/Flight Schools	166	\$12,512,833	\$11,039,709	\$3,104,657	\$554,129
Government	58	\$726,447	\$2,520,228	\$1,461,430	\$191,942
Ground Transportation	6	\$599,447	\$250,000	\$150,000	\$20,029
Support Services	61	\$4,014,201	\$5,151,740	\$2,062,059	\$203,626
Other On-Site	37	\$470,000	\$571,700	\$177,000	\$126,849
Total direct organizations	414	\$32,088,018	\$23,348,444	\$9,183,813	\$1,380,316
Indirect organizations					
Visitors Industry	1,013	\$57,500,000		\$21,594,923	\$3,379,855
Travel Agents/Hotels/Fuel	37	\$2,200,000	\$1,855,200	\$535,000	\$125,180
Total indirect organizations	1,050	\$59,800,000	\$1,855,200	\$22,129,923	3,505,035
Total induced impacts				\$6,887,860	
TOTAL ECONOMIC IMPACTS	1,464	\$91,888,018	\$25,203,644	\$38,201,595	\$4,885,351

INDIRECT IMPACTS



EMPLOYMENT

Indirect employees are those whose jobs, while closely related to business conducted at the airport, play more of a support role in the aviation industry. In 1992, the total number of indirect employees attributable to the presence of the airport was 1,050, spread out among the visitors industry, hotels and motels, fuel suppliers, and travel agencies.

REVENUE

Each of the firms dependent upon Scottsdale Airport realizes revenues from the business they transact, whether it be a hotel providing a room to a tourist or a travel agency selling an airline ticket to a business person. In 1992, \$59.8 million was received in gross revenues by firms indirectly benefitting from the presence of Scottsdale Airport.

EXPENDITURES

As with the direct businesses, long term investments as well as day to day operating expenditures are a necessity in running the support businesses. In 1992, organizations spent \$1.9 million to run their airport related businesses.

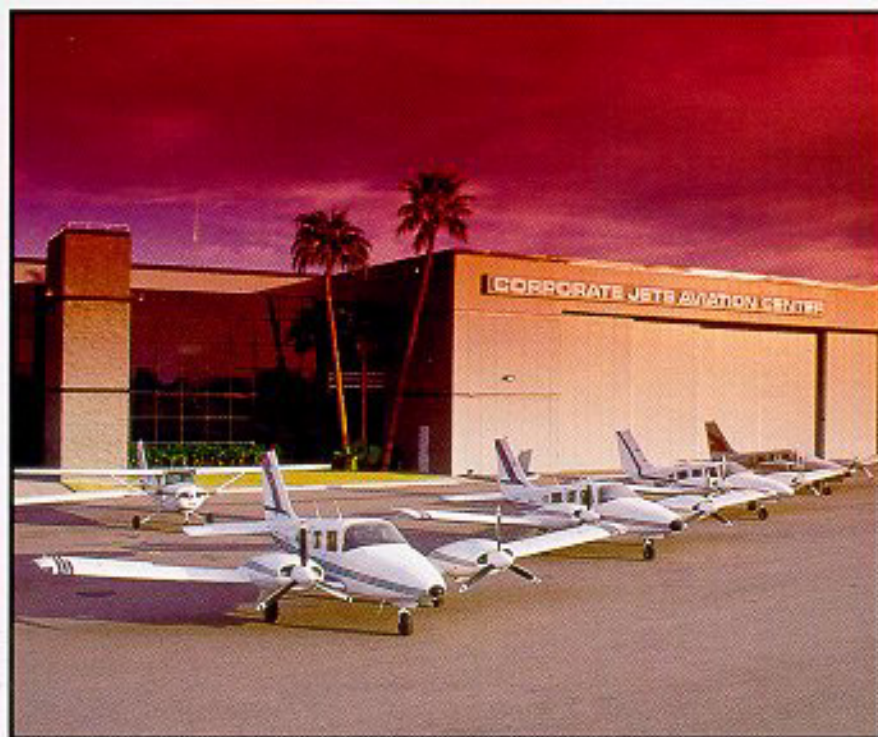
PERSONAL INCOME

The organizations indirectly dependent upon the existence of Scottsdale Airport, maintain a payroll of local employees. The monies directed toward these employees, termed personal income, is another critical way in which the airport contributes to the Scottsdale economy. The 1,050 indirect employees received \$22.1 million in personal income in 1992.

TAX REVENUES

Airport business results in \$3.5 million in tax revenues to state and local government from indirect organizations. Businesses and individuals pay a multitude of taxes, from personal taxes to sales taxes to use tax.





INDUCED IMPACTS

Induced impacts are the multiplier effects of the direct economic impacts. These are the increases in personal income over and above the combined direct and indirect impacts, created by successive rounds of spending. For example, most of the take-home income earned by airport employees is spent locally. Some of this spending by airport employees goes to local businesses and becomes income to the business owners and their employees. Then part of these second-round incomes are also spent locally and thus become income to another set of individuals. As successive rounds of spending occur, additional income is created. In 1992, this personal income multiplier accounted for \$6.8 million in respending due to the Scottsdale Airport.

INDIRECT IMPACTS FOR VISITORS INDUSTRY

EMPLOYMENT	1,013
REVENUES	\$57,600,000
PERSONAL INCOME	\$21,594,923
TAX REVENUES	\$3,379,855

Scottsdale Airport serves as a gateway for tourists and business people, with its proximity to upscale areas in the North Valley as well as its reputation for being close to esteemed resorts and popular venues. An example of the types of impacts measured by this portion of the study involves a recent international sales meeting conducted by a major international corporation, whose jets flew through and were based at Scottsdale Airport. According to the Scottsdale Airport management, the contingent purchased 22,900 gallons of jet fuel (approximately \$38,000 in revenues); rented 14 cars (\$3,150 in revenues at \$45 per day for five days); paid for 140 hotel room nights (\$28,000 in revenues at \$200 per night); and expended \$9,000 for local caterers.

The Scottsdale Chamber of Commerce estimates that 25% of the approximately 90,000 individuals employed in Scottsdale, or 22,500 individuals, are employed in the tourism industry. Scottsdale Airport management estimates that 4.5% of all visitors to Scottsdale fly through Scottsdale Airport. The airport is indirectly responsible for the employment of 1,013 individuals involved in providing goods and services to the millions of yearly visitors to the region. Impact of the visitors industry on local businesses is measured simply by the estimated expenditures of those visitors.

All figures in this brochure are for 1992. The results reported here cannot be summed to establish a single figure because there was some overlapping in the categories analyzed. A copy of the complete report may be obtained from the Scottsdale Airport Administrative Offices - 15000 North Airport Drive, Scottsdale, AZ 85260.